

Indian Council for Research on International Economic Relations





Enhancing

the national role



in charting

the course of the international economy





Indian Council for Research on International Economic Relations

## Governing Body



Dr I G Patel



Dr Y V Reddy



Dr R A Mashelkar



Mr N R N Murthy



Ms Lalita D Gupte



Dr Deepak Nayyar



Mr Amar N Verma



Mr N K Singh



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Mr N Ravi



Dr Swati A Piramal



Ms Janaki Kathpalia



Mr Muchkund Dubey



Dr Kirit S Parikh



Prof T N Srinivasan



Mr Lalit Mansingh



Dr Deena Khatkhate



Dr K B Lall



Dr Isher J Ahluwalia



#### About Us

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The Indian Council for Research on International Economic Relations (ICRIER) was established in August 1981 as an autonomous, policy-oriented, not-for-profit, research institution. This initiative was intended to foster improved understanding of policy choices for India in an era of growing international economic integration and interdependence. ICRIER promotes multi-disciplinary research at the cutting edge of knowledge creation and provides a forum for continuing dialogue amongst decision-makers in government, academia, industry, and civil society. The international scope of ICRIER's mandate has regional and global dimensions.

The concept of ICRIER emerged from the Steering Committee for Research on International Economic Relations (SCRIER) to enable policy makers, civil society and academia in India to examine intended and unintended consequences of policy choices concerning globalisation, taking a more open and inclusive view of the world. The first advisory panel, chaired by K B Lall, included I G Patel, Jagdish Bhagwati, Malcolm Adiseshiah, Montek Singh Ahluwalia, C Rangarajan, Fredie Mehta, and Manu Shroff. Founder Chairman K B Lall was succeeded by R N Malhotra, Governor, Reserve Bank of India, who laid solid institutional foundations for ICRIER during the period 1992-96. The present Chairman, I G Patel, took over in August 1997 and has guided the process of ICRIER's positioning as a premier international policy research institution.

**ICRIER** enables, provides and nurtures the nucleus where policy makers with responsibilities in economic and political governance, academia representing a diversity of inter-disciplinary talent, and leaders in business and industry from corporate houses, financial institutions, and civil society regularly interact to discuss and shape the core agenda. The newly elected governing body, chaired by I G Patel, reflects this diversity.

# Research in Possible Futures

ICRIER's research output during its first two decades has focussed on exploring the possible and probable impact of alternative futures. Somewhat anticipatory in nature and ahead of its time, ICRIER has forecast plausible hypothetical situations to study the effects and outcomes of multiple futures. Such work has envisioned national and international economic developments, and has provided the forum for informed public debate over policy choices.

#### Some early work with impact on mindsets



'Industrial Growth in India: Stagnation since the Mid Sixties' by Isher Judge Ahluwalia published in 1985, was the first empirical study of the reasons for industrial stagnation with strong conceptual underpinnings. It triggered the industrial policy debate that led to delicensing and a whole host of industrial and trade policy reform as part of India's new economic policies in the 1990s.



'Developing Countries in the International Trading System' by Anwarul Hoda published in 1987, was an analysis of the impact of GATT on developing countries. It examined whether trading systems embodied in GATT were biased against developing countries. This study provoked much debate during the Uruguay Round of trade negotiations.

**ICRIER** reviews its work for relevance and significance all the time. This responsiveness enables the organisation to meaningfully engage in its primary task of promoting improved understanding of international economic relations through research and policy dialogues. Further, short-term, medium-term, as well as long-term objectives around its evolving agenda are crystallised through continuous interaction with policy makers, industry, academia, and civil society.



#### Some early studies of continuing relevance

'International Trade in Textiles - MFA Quotas and a Developing Country' by Sri Ram Khanna, published in 1991, was a pioneering study that examined the impact of MFA quotas on firms in developing countries involved in manufacture and export of textiles. Based on a sample of 177 units drawn from across the country, the study analysed how and when country level export quotas become binding at the level of the firms. The study further analysed how firms respond through their management strategies to the MFA environment.



'Challenge from China' by Sanjay Kathuria and Nisha Taneja: This 1986 study on a subject that raised apprehensions among Indian businesses analysed the implications of China's economic reforms for India's exports, given the similarities between China and India in factor endowments and market conditions. The study addressed sectors such as hand tools, textiles, carpets, handicrafts, bicycles, leather, and tea.



#### Forthcoming Publications

Much of our work is published in the form of books. The following titles from **ICRIER** are slated for release during 2001-2002:

- India in the World Economy by Suresh Tendulkar and T N Srinivasan
- South Asian Experience with Growth edited by John Williamson and Isher Judge Ahluwalia
- Issues in Public Finance in India by Parthasarathi Shome
- Globalisation in Services: India's Opportunities and Challenges by Rupa Chanda
- Agreement on Agriculture: Negotiating Beyond Seattle by Anwarul Hoda and Ashok Gulati
- Trade, Finance and Investment in South Asia edited by T N Srinivasan
- India & Economic Cooperation in South Asia edited by Parthasarathi Shome

An active, dynamic and up-to-date website at www.icrier.org ensures that ICRIER is only a click away.

#### What we do

# We think... We listen... We facilitate dialogue... and then we think some more.....

Research is our prime academic activity, and we combine expertise of in-house teams with the experience and skill of external collaborators.

Recent work has focussed on the following thrust areas in a proactive effort to strive for relevance and significance.

- Trade, Openness, Industrial Restructuring and Competitiveness
- WTO related issues
- Financial Liberalisation and Financial Integration
- South Asia Studies
- Macroeconomic Management
- Globalisation and Healthcare

WTO issues have been a focal point of interest at ICRIER since 1995 and expertise in this area has been systematically developed. ICRIER's early initiative through Anwarul Hoda's work was considerably strengthened in 1998 when A V Ganesan, former Commerce Secretary, joined ICRIER as Advisor on WTO issues and facilitated a series of seminars on these issues. B K Zutshi, with his experience as India's permanent representative to GATT and the chief negotiator for India to GATS, led ICRIER's project on 'Trade in Services: Opportunities and Constraints'. This project was undertaken for the Ministry of Commerce in preparation for the Seattle meeting in 2000. ICRIER's initiatives on WTO matters have drawn on formidable talent, supported first by the Ministry of Commerce and more recently by the Sir Ratan Tata Trust. WTO Agreement on Agriculture in India, Indian textiles and MFA, and anti-dumping are other areas in which research is being undertaken currently.



Public policy workshops, discussion seminars, and public lectures at **ICRIER** have also engaged **ICRIER**'s attention to themes such as macroeconomic management in an open economy, global financial architecture, globalisation and human development, governance and institution building, economic policy and national security, information technology in India and venture capital. All this reflects the evolution and growth in **ICRIER**'s profile.

#### **ICRIER** and Intellectual Property Rights

Following the TRIPS agreement of 1995, A V Ganesan published a study in 1998 on the implications of the new regime and recommended changes in Indian Patent Laws. The changes granting exclusive marketing rights to patent holders were incorporated as amendments in India's Patent Act. At present, ICRIER is conducting a survey-based study on restructuring in the pharmaceutical industry and the impact of the new patent regime on this sector.

#### **ICRIER** and International Labour and Migration Issues

A study on the 'Movement of Natural Persons' by Rupa Chanda in 1999 for the Ministry of Commerce, emphasised the need to generate information and ideas on trade through movement of people, workers and services. This study formed the basis of the Government of India paper to the WTO on the subject.

#### Sharing our Ideas and Work with others through Seminars, Workshops and Conferences

Through a variety of discussion fora, public lectures, conferences, seminars, and workshops in Indian cities, including Delhi, Mumbai, Chennai, Baroda, and Ahmedabad, ICRIER continues to open itself to new thinking. It reaches out to its valued constituents in communities, institutions, and organisations reflecting a diversity of interests and activities. More recently, through the regional network, South Asia Network of Economic research Institutes (SANEI) and the Global Development Network (GDN),

### What we do

**ICRIER** is reaching out to a much wider audience of researchers and policy makers across the world.

Seminars and public talks by guest speakers and scholars have proved to be of great interest. Among the eminent speakers at **ICRIER** who delivered lectures on public policy were: 1. N R Narayana Murthy, 2. Vinod Khosla, 3. Han Seung Soo, 4. Jeffrey Sachs, 5. R A Mashelkar, 6. Eisuke Sakakibara, 7. Fred Bergsten, 8. K B Chandrasekhar, 9. Anne Krueger, 10. Barry Eichengreen, 11. Meghnad Desai, 12. Arnold C Harberger, 13. John Williamson, 14. Sylvia Ostry. (see opposite).

#### **Responding Fast**





Two months after the nuclear tests in May 1998, ICRIER organised, jointly with CII, a lecture by Prof Jagdish Bhagwati on "What Should be India's Economic Response to Sanctions". Mr Jaswant Singh, External Affairs Minister, was the Chief Guest at the function.

Within a week of the collapse of the WTO negotiations at Seattle in December 1999, ICRIER held a panel discussion, jointly with the Delhi School of Economics to get perspectives on why the talks failed and what lies ahead for the developing countries. Prof Anne Krueger of Stanford University and Prof T N Srinivasan of Yale University participated in this discussion along with Mr N K Singh, Secretary, Prime Minister's Office, and Mr B K Zutshi, former Permanent Representative of India to GATT.



### Lectures



#### What we do

#### ICRIER on Globalisation and Healthcare

In April 2000, ICRIER hosted the Second Meeting of the Commission on Macroeconomics and Health (CMH). The Indian members included Dr Manmohan Singh, former Finance Minister and Isher Judge Ahluwalia, Director and Chief Executive of ICRIER. The meeting was chaired by Prof Jeffrey Sachs from Harvard University, USA.



A Working Group on Health and International Economy has been set up within the CMH with Dr Isher Judge Ahluwalia as Co-chair. ICRIER has commissioned a number of studies on the impact of the new trade regime on healthcare in developing countries.

#### Workshop on WTO

An educational workshop for policy makers, researchers and media was organised by ICRIER with support from the World Bank in December 1998 on "The New Trade Agenda, The WTO and India", which explicitly addressed the implications of WTO for India and South Asian countries, while emphasising the likely issues in the forthcoming negotiations on trade policy. It also addressed the issue of how WTO membership could be leveraged to stimulate export-oriented development of countries and their integration into the world economy.





### Seminars



From L to R: Isher Judge Ahluwalia, Y V Reddy and I G Patel.



K C Pant and Isher Judge Ahluwalia.



From L to R: Nick Stern, K B Lall and Tu Guowei.



R A Mashelkar and Montek Singh Ahluwalia.



From L to R: Jeffrey Sachs, Wing Thye Woo and R N Mahotra.



Rolf Luders and P Chidambaram.

### Networking

ICRIER works towards developing networks and partnerships that have led to sustainable long-term arrangements in organising workshops for public policy debates. Public policy workshops at ICRIER are well attended by senior policy makers, academicians and other stakeholders. ICRIER also organises brainstorming and consultations with prominent industrial confederations such as CII, FICCI, ASSOCHAM, and NASSCOM which function as bridges in our interactions with the private sector. The networking extends beyond national borders as in the case of the colloquium on trade in agriculture.

#### **ICRIER** and International Trade in Agriculture



international colloquium on "Issues in WTO negotiations on Agriculture" was organised by ICRIER in December 2000. The WTO agreement on Agriculture envisaged that the liberalisation of trade in agriculture would be an ongoing process. Ambassadors officials from WTO member countries

relevant issues from the negotiations at the colloquium. Representatives of the WTO Secretariat, the EC, USA, Australia, Japan, India, and Thailand along with officials from the local embassies and the ministries of commerce and finance, Government of India, participated in the colloquium.

A seminar on "WTO Agreement on Agriculture with Special Reference to Gujarat" was organised jointly by ICRIER, the Centre for Management in Agriculture, Indian Institute of Management Ahmedabad (IIMA), and the Gujarat Economic Association at Ahmedabad on 20-21 January 2001.

As a result of active dissemination programmes, we have been able to create awareness about current policy issues that affect the Indian economy in a regional and global context, and have carried our message across national borders into various fora across the world.



### Workshops



**From L to R**: Robert Grahm Harrison, Isher Judge Ahluwalia and Julian Lob-Levyt.



**From L to R**: Ram Jethmalani, N R Narayna Murthy and Tarun Das.



From L to R: Naoki Tanaka, Isher Judge Ahluwalia, Hiroshi Hirabayashi, and Himachal Som.



**From L to R**: S V Ramachandran, Phiroz Vandrewala, Parthasarathi Shome and Abhijit V Banerjee.



From L to R: P P Prabhu; A V Ganesan, R K Hegde, Isher Judge Ahluwalia and N Khanna.



From L to R: Piyush Mankad, Marshall M Bouton, Rajendra Lodha, Isher Judge Ahluwalia, Frank G Wisner, Shyamal Ghosh and Nripendra Mishra.

### Networking

#### **ICRIER on Economic Cooperation in South Asia**



ICRIER organised a Conference on Peace, Security and Economic Cooperation: India and South Asia in December 1998. The conference discussed the findings of studies by the Institute of Defence Studies and Analysis and the Institute of Peace and Conflict Studies on security and by ICRIER on the possibility of regional economic cooperation. Shri I K Gujral (former Prime Minister of India) inaugurated the conference. Shri K C Pant (current Deputy Chairman, Planning Commission and former Defence Minister, Government of India) chaired the session on security while Prof A M Khusro, Chairman, Aga Khan Foundation, chaired the economics session. Distinguished high level representatives from Pakistan, Bangladesh, Sri Lanka, and Nepal participated in the conference. The conference proceedings were published as 'Peace, Security

and Economic Cooperation: India and South Asia in the 21st Century'. A book titled 'India & Economic Cooperation in South Asia' edited by Parthasarathi Shome has been published in July 2001 and a second South Asia seminar on economic cooperation is planned in the second half of 2001. Financial support for this project was provided by the Government of Japan.

A workshop on UNDP's Human Development Report in July 99, a seminar on Strengthening Decentralisation organised jointly with UNDP and FICCI in February 2000 and a brainstorming session on Globalisation and Human Development in South Asia for the Department of International Development (DFID), UK in June 2000 are reflections of ICRIER's growing involvement in issues of human development and governance. We have recently completed a study on the status of health in India headed by R L Misra and funded by the Gates Foundation.



#### India-Korea Dialogue

The Third India-Korea dialogue was hosted at ICRIER in New Delhi in December 1999. The Korean delegation brought together by the Seoul Forum for International Affairs was led by Dr Han Seung-Soo, former Minister of Finance, and the present Foreign Minister and Commerce Minister of the Republic of Korea. The Indian delegation was led by Mr A N Varma, former Principal Secretary, Prime Minister's Office, and Member, Governing Body, ICRIER







ICRIER played a leading role in setting up the South Asia Network of Economic research Institutes (SANEI). SANEI is a regional network that fosters intellectual exchange among economic institutions in South Asia and develop strong research interlinkages. The SANEI initiative has been supported by the World Bank and the Ford Foundation. ICRIER is SANEI's nodal administering agency and through SANEI, ICRIER links to the Global Development Network (GDN), which is a 'network of networks'.

SANEI was represented in the first Global Development Network (GDN) Conference in Bonn in December 1999. Isher Judge Ahluwalia chaired the plenary session on 'Opening Policy Knowledge to Societal Participation', and Johannes Rau, President of Germany, delivered the keynote address. At the second GDN conference, held in Tokyo, the SANEI representative on the governing body of the GDN, Dr Lal Jayawardane was elected Chairman of the GDN. An important initiative of the GDN is the Global Research Project that studies and explains the growth experience in the seven regions participating in the GDN.



### Collaborations

ICRIER collaborates with universities, think tanks, research institutions, research foundations, UN and related organisations, for research on policy-oriented issues. ICRIER has a strong national presence in India and is increasingly able to extend itself regionally and globally given its international mandate. Among our collaborators in India, the Institute of Economic Growth, the Delhi School of Economics, University of Delhi, School of International Studies, Jawaharlal Nehru University, Indira Gandhi Institute of Development Research, and the Indian Institute of Management (Ahmedabad) are some of the many that merit special mention. Similarly, while ICRIER cherishes and values all its collaborations with institutions abroad, prominent among these are the Institute of International Economics, Washington DC, the International Center for Economic Growth, San Francisco, and the Seoul Forum, South Korea. Our collaborators have included eminent economists from Harvard, MIT, Yale, University of California at Santa Cruz, and Lahore University of Management Sciences.

Periodic exchange programmes with some leading universities of the world promote joint research.

Programmes with the London School of Economics (LSE) and the University of Oxford envisaged a partnership between ICRIER, LSE, and the University of Oxford to study areas of common interest.

### Collaborations

#### A glimpse of some recent collaborations

Ashok Gulati (International Food Policy Research Institute) and Anwarul Hoda are collaborating to study the WTO agreement on agricultural trade in a comparative framework to consider the nature and extent of present and foreseeable compliance by India, EU, and the US.

Professor Tharakan of the University of Antwerp is guiding a study on anti-dumping policies and practices in India by Aradhna Aggarwal as part of a capacity building programme of **ICRIER**, funded by the Sir Ratan Tata Trust.

Renu Kohli of ICRIER and Kenneth Kletzer of the University of California at Santa Cruz began collaborating in 1999 to examine the implications of capital account convertibility for India. A study on capital account liberalisation and macroeconomic management has been completed and work is in progress in studying financial liberalisation and financial integration. Kristin Forbes of MIT and Aradhna Aggarwal of ICRIER are collaborating on a study on share ownership, company performance and vulnerability to crisis. Both these studies are made possible by a special capacity building grant by the Ford Foundation.

Professor Basudeb Guha Khasnobis of **ICRIER** collaborated with Dr Faisal Bari of the Lahore University of Management Sciences, in preparing a paper 'Sources of Growth in South Asia', for the Global Research Project of the Global Development Network.

Jayashree Watal, Fellow at **ICRIER**, conducted a study on intellectual property rights, India and the WTO at the Institute of International Economics, Washington DC, while visiting the IIE from **ICRIER** for 18 months in 1999 and 2000.

Within the context of a changing environment, our associations help us identify forward-looking issues so that research may be relevant in the future. While it also serves as an invaluable and powerful means of dissemination of our research findings, over time, our networking advantage has reaped benefits beyond the intended. Our exchanges, joint research, and constant interaction helps our research through capacity building of our team of researchers, thereby constantly upgrading our knowledge pool. This in turn enables us to incorporate a global vision into our work and adapt it to the local environment.



#### Our Team

ICRIER is a modern and forward-looking organisation. We recognise that our main strength lies in nurturing and developing our human capital and providing an intellectually stimulating work environment. To build a core team of professionals, ICRIER consistently identifies and attracts the best talent from diverse educational and experience profiles. ICRIER professionals have typically been educated at one or the other of the leading prestigious educational institutions, such as the Delhi School of Economics, University of Delhi, Jawaharlal Nehru University, Delhi, Presidency College, Calcutta, Indian Institutes of Management, Indian Institute of Science, Bangalore, MIT, Harvard University, Rochester University, Institute of Development Studies, Sussex, Cambridge University, Oxford University, and the London School of Economics.

Our state-of-the-art resources, access to libraries, databases and infrastructure facilities, including computer, telecom and internet facilities, ensure that our scholars have the latest information technology hardware and software. IFCI's substantial support to ICRIER through financial grants for information technology investments and some material and services support from Infosys Technologies and NIIT have helped upgrade and maintain our IT infrastructure.



## Those who make it possible



From L to R: Professors K L Krishna, Anwarul Hoda, Renu Kohli, Basudeb Guha Khasnobis, Shankar Acharya, Dr Isher Judge Ahluwalia.



**First row**: Aradhna Aggarwal, Jayati Srivastava, T P Bhat, Nisha Taneja.

**Second row**: Samar Verma, Shyam Sundar Vijay, Arpita Mukherjee, Rajeev Ahuja.





Clockwise from left:
Abhijeet Sengupta,
Radhika Iyengar,
Dibyendu Mukherjee,
Sumana Majumdar,
Arnab Mitra, Deepti
Goel, Prasanna Ash,
Rajeev Ranjan Sharan,
Jeffry Jacob, Mili Gupta.

Research Assistants at work.



Support Staff with Director, ICRIER.



#### Our Donors

Our success can, in a sense, be measured by the nearly ten-fold increase in the corpus funds of ICRIER over the last decade. Our donors include financial institutions, corporate enterprises and organisations in India, research foundations, and also individuals. Our housing needs at the India Habitat Centre were met through a capital grant from the Ministry of Finanace. Some of ICRIER's donors who have been especially generous in their support to our finanacial base over the past 20 years include RBI, ICICI, IDBI, IFCI, the UTI, the Sir Ratan Tata Trust, HDFC, State Bank of India, Punjab National Bank, Bank of Baroda, Oriental Bank of Commerce, Union Bank of India, Abhishek Industries and Tata Chemicals. The Ford Foundation deserves special mention for providing initial funding in 1982 and now, 20 years later, supporting a significant expansion of ICRIER's endowment base.

As ICRIER celebrates its 20th anniversary this year, our long time supporter and well wisher, the Ford Foundation celebrates its 50th. In a generous offer, the Ford Foundation has expressed a commitment to offer \$ 250,000 towards the endowment fund, on condition that ICRIER raises a matching corpus of the equivalent of \$ 500,000 through other sources. Following up on this initiative, ICRIER has already gathered two-thirds of the requisite amount with commitments from well wishers such as the Reserve Bank of India, ICICI, State Bank of India, Punjab National Bank, Punjab & Sind Bank, HDFC, The Tata Group of Industries, Infosys Technologies, Kotak Mahindra Finance, The Hindu, Hindustan Lever, Abhishek Industries, Xansa India Ltd., Mastek Ltd., Hughes Software Systems Ltd., Mphasis, The Amercian Express Foundation, and our friends from the Silicon Valley, Mr Kanwal Rekhi, Mr Suhas Patil, Mr K B Chandrashekhar and Mr Anil Godhwani. We hope to mobilise the remaining sum during this year so as to rise to Ford's offer and build a strong financial base for ICRIER.







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